

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION

Call to Order: By **VICE CHAIRMAN KATHLEEN GALVIN-HALCRO**, on March 17, 2003 at 3:00 P.M., in Room 137 Capitol.

ROLL CALL

Members Present:

Rep. Kathleen Galvin-Halcro, Vice Chairman (D)
Rep. Norman Ballantyne (D)
Rep. Norma Bixby (D)
Rep. Gary Branae (D)
Rep. Nancy Fritz (D)
Rep. Carol Gibson (D)
Rep. Verdell Jackson (R)
Rep. Joe McKenney (R)
Rep. Clarice Schrupf (R)
Rep. Pat Wagman (R)
Rep. Bob Lawson (R)

Members Excused: Rep. Joan Andersen, Chairman (R)
Rep. Larry Lehman, Vice Chairman (R)
Rep. Bob Lake (R)

Members Absent: None.

Staff Present: Eddy McClure, Legislative Branch
Mari Prewett, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp in these minutes appears at the end of the content it refers to.

Committee Business Summary:

Hearing & Date Posted: SB 307, SB441, SJ 2, 3/10/2003
Executive Action: SJ 2 carried 14-0, SB 307 carried 14-0 and was placed on the consent calendar.

HEARING ON SB 441**Sponsor:** SEN. DON RYAN, SD 22, Great Falls**Opening Statement by Sponsor:**

SEN. RYAN explained that SB 441 dealt with using impact aid to finance revenue bonds for construction projects. He continued saying that under current law they could not use general obligation bonds. The bill would set up a formula whereby a percentage of the revenue collected by a school district could be used to pay off revenue bonds. Thereby districts that needed to build new facilities for their students would be able to do so. SEN. RYAN distributed copies of a proposed amendment to SB 441, attached as Exhibit 1.

EXHIBIT (edh56a01)**Proponents' Testimony:**

Stephen Conway, Chairman, Browning School District, explained that their school district was the one that had requested the bill. He stated the problem their district had was the limited tax base. **Mr. Conway** pointed out that SB 441 would not impact the State. He went on to say that the school districts would pay the money back. He then commented on the overcrowded conditions at their high school and the need for a new building. He asked the Committee to support HB 441.

Stanley Juneau, Superintendent of Schools, Browning, talked about the overcrowding of their school and the need for additional revenue to build a new and larger facility. He commented on the number of students enrolled in their school and their use of modular units to accommodate those students. He then explained the need for teachers to move from one classroom to another as a result of the overcrowding and use of modular units.

Leslie Munro, Director of Facilities, Browning, stated that his job at the Browning School District was to try to meet the needs of the existing building and determine if new construction was required. He went on to say that he worked with the Superintendent, the School Board and the Finance Director to determine how to fund new construction. **Mr. Munro** explained their number one goal was to provide a safe and healthy environment for their students. He went on to discuss what they had done in the past to try to remedy their overcrowding problems. He pointed out that they wanted to help themselves and could do so if they were allowed to payoff revenue bonds with

impact aid funds. He further stated that their school district simply did not have the funds to levy additional taxes to pay for the project.

Gwyn Andersen, Director of Finance, Browning Schools, stated that the notion of impact aid revenue bonds was not new to the nation. She continued that currently there were other states that had the option to sell revenue bonds and repay them with impact aid funds. She informed the Committee that what Browning Public Schools was trying to do was take the issue one step farther and place into statute the ability for them to do the same. **Ms. Andersen** spoke about the funding of the reserve and how it had been calculated. She distributed a handout which illustrated their available reserves, attached as Exhibit 2. She indicated that the reserves were built into the bill. **Ms. Andersen** explained how they would use the reserves to make the bond payments. **Ms. Andersen** then distributed a second handout, attached as Exhibit 2 and explained it in detail. She stated that they were looking for options, and being able to use impact aid to repay revenue bonds would give them that.

EXHIBIT (edh56a02)

EXHIBIT (edh56a03)

Ms. Andersen referred the Committee to several sections of the bill which she discussed in detail. She commented on the definition of impact aid basic support payments and stated that there were three streams of money that flow in the name of impact aid. The first one being the basic support; secondly, dollars for students with disabilities; and thirdly, construction dollars. She continued that they were only looking at the basic impact aid and explained why. **Ms. Andersen** reiterated that general obligation bonds were repayed with a tax levy and impact aid revenue bonds would be paid with impact aid funds. Therefore, there would be no tax consequence to their local tax payers.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 29.5}

Lance Melton, Montana School Boards Association, stated that they felt that SB 441 would be a good mechanism for insuring a stable access to sufficient revenues for building programs in areas that were federally impacted throughout the State. He urged the Committees' favorable consideration of the bill.

REP. LEHMAN arrived at the hearing.

Mae Ann Ellingson, Dorsey & Whitey, explained how and why their firm had become involved with drafting SB 441. She pointed out

the necessity for SB 441 to become law so that Browning School District and other districts like them would be able to legally use impact aid to repay revenue bonds. **Ms. Ellingson** went on to say that this was not unique to Montana, that many states that consist predominantly of reservation lands faced the same problem. **Ms. Ellingson** commented on their belief that the public bond market was sophisticated enough to evaluate the risk of a revenue bond. She continued that they could investigate the requirements of federal impact aid legislation to make the determination to lend a school district money on nothing more than a pledge of impact aid revenue. **Ms. Ellingson** indicated that the bonds would have to be voted, issued and subject to a competitive sale. The only difference would be is that they would be authorizing a pure revenue bond rather than a tax backed bond.

Opponents' Testimony: None

Informational Testimony:

Lynda Brannon, Representing the Indian Impact Schools of Montana, stated that she had worked with impact aid since 1986 and would be available to answer questions regarding impact aid.

Questions from Committee Members and Responses:

REP. WAGMAN asked Lance Melton if the changes in SB 441 would adversely affect any school districts. **Mr. Melton** stated that the changes would not affect any school district that did not receive impact aid.

REP. WAGMAN referred Ms. Andersen to Exhibit 3 and asked if the \$4.9 million and \$1.7 million was the total amount or was it the 35 percent of the district's "Federal Impact Aid Basic Support." **Ms. Andersen** replied that the figures were incorrect but if they were correct they would be the 35 percent of the aid.

REP. WAGMAN asked Ms. Andersen where they were spending the money now. **Ms. Andersen** responded that where the money was spent changed from year to year.

REP. JACKSON asked SEN. RYAN if he was correct in assuming that from one year to the next they did not know how much the impact aid would be. **SEN. RYAN** replied that he was right.

REP. JACKSON referred SEN. RYAN to the revised fiscal note regarding "Long-Range Impacts," Section 15, and asked how the issuance of revenue bonds in Browning would affect the State in terms of their equalization. **SEN. RYAN** answered that if they

took every dollar a school district had, called it all general funds, developed an equalization formula from those funds it would. He continued that what SB 441 was saying was that if they encumbered the monies going into a school district from sources other than taxpayer dollars it would cause a problem, in what some would term equalization, by using every dollar that the school district had no matter what the resources were.

REP. JACKSON referred **SEN. RYAN** to the fiscal note and asked about the statement regarding "Voters in school districts that receive impact aid...funded with up to 35% of the impact aid basic support payment to the district." He asked if it meant that they could only encumber one-third of the money they would be getting and have to use the rest of the impact aid in the program. **SEN. RYAN** stated that they would only be able to dedicate a certain part for that stream and that it would be part of the formula. He continued that any bond in a district would have to be voted on by the people of that district.

REP. JACKSON asked **SEN. RYAN**, "Who would normally buy the bonds?" **SEN. RYAN** deferred the question to Mae Nan Ellingson.

Ms. Ellingson responded that they anticipated that the bonds would be rated by the rating agencies and insured, therefore, they could be offered through places such as D. A. Davidson so local Montana citizens would be able to purchase the bonds.

REP. LAWSON asked **Ms. Andersen** what the first project would be if they were able to use the bonds. **Ms. Andersen** stated that they were looking at the purchase of property west of Browning and looking at an elementary school.

REP. LAWSON asked **Ms. Andersen** what they would be giving up in order to spend the money on an elementary school and if a priority had been established. **Ms. Andersen** responded that initially it would be the 15 percent set aside. She continued that over time they would be using part of their reserve, keep their staffing level and implement a five percent reduction in spending across the board.

Closing by Sponsor:

SEN. RYAN stated that it was not a new law, it was only new to Montana. He explained that it would not take any money away from anyone else. He continued that it would be a way for schools to take their current resources and revenue and leverage them to do things to buy a new building. **SEN. RYAN** reminded the Committee that the bond companies would take a strong look at the bond proposal before they would consider issuing the bonds. **SEN. RYAN**

remarked that it was an issue of local control. He asked the Committee for their favorable consideration of SB 441.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 24.1}

HEARING ON SB 307

Sponsor: SEN. DON RYAN, SD 22, Great Falls

Opening Statement by Sponsor:

SEN. RYAN stated that SB 307 was an act providing school district investment laws, eliminating the requirement for each school district to provide separate investment accounts for each fund and requiring that only debt service funds be collected by a county treasurer and reported to a school district. **SEN. RYAN** explained that SB 307 was a cleanup bill for SB 260. He pointed out the relevant portions in SB 307 that had been changed and commented on the reasons for the changes. **SEN. RYAN** remarked that without the changes the bill was too cumbersome and did not work.

Proponents' Testimony:

Lance Melton, Montana School Boards Association, spoke in support of SB 307. He talked about the work done by the Great Falls School District and how it affected the present bill. He went on to say that SB 307 would put the funds into one investment account that would earn interest at all times and insure that no time was lost. He continued that it would eliminate separate accounts, eliminate administrative costs and remove the five year limitation restriction.

Rhonda Carpenter, Montana County Treasures Association, stated that they had originally been opponents of the bill. She continued that they would support SB 307 as long as the Senate amendments were left on it.

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

REP. JACKSON asked **SEN. RYAN** how the money was invested and if there was any difference between what the school district could do and what the county could do. **SEN. RYAN** deferred to Lance Melton for the answer. **Mr. Melton** replied that there would be no

distinction, that they had a laundry list of specific investments that could be made.

Closing by Sponsor:

SEN. RYAN stated that in speaking with the Great Falls School District he had found that they would not recommend other school districts to get into the program the way the law was presently written. He went on to say that if they could clean up SB 307 more school districts would get into it and they could do some things which could maximize the dollars that a school district would have available. He continued that what the bill was about was to maximize the dollars, get the most interest for the longest amount of time, and to streamline it which would make the administration somewhat easier.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 11.7}

HEARING ON SJ 2

Sponsor: SEN. DON RYAN, SD 22, Great Falls

Opening Statement by Sponsor:

SEN. RYAN stated that SJ 2 was about creating a healthy school environment by urging school districts to offer nutritious foods and beverage choices and provide opportunities for physical activity whenever possible. He went on to say it was a good bill and asked for the Committee's support.

Proponents' Testimony:

Katie Bark, Registered Dietician, Montana Dietetic Association, stated that she supported SJ 2. **Ms. Bark** distributed five handouts to the Committee, attached as Exhibits 4 - 8 respectively. She then read her testimony into the record, a copy of which is attached as Exhibit 9. **Ms. Bark** addressed each of the handouts she had distributed to the Committee for their information. **Ms. Bark** then handed out three more letters in support of SJ 2, attached as Exhibits 10, 11 and 12.

EXHIBIT (edh56a04)

EXHIBIT (edh56a05)

EXHIBIT (edh56a06)

EXHIBIT (edh56a07)

EXHIBIT (edh56a08)

EXHIBIT (edh56a09)

EXHIBIT (edh56a10)

EXHIBIT (edh56a11)

EXHIBIT (edh56a12)

Jennifer Loomis, President, Montana Association of Health, Physical Education, Recreation and Dance (MAHPERD), spoke in support of SJ 2 and provided copies of her written testimony, attached as Exhibit 13. **Ms. Loomis** also handed out a copy of a survey that her organization had done, attached as Exhibit 14. **Ms. Loomis** discussed several items in that survey.

EXHIBIT (edh56a13)

EXHIBIT (edh56a14)

Mary McCue, Montana Dental Association, distributed a handout from the American Dental Association, attached as Exhibit 15. She explained that the handout talked about the connection between good nutrition and good oral health. **Ms. McCue** commented on oral health and how it related to SJ 2.

EXHIBIT (edh56a15)

Rick Chiotti, Office of Public Instruction, representing Superintendent Linda McCulloch, spoke in support of SJ 2. **Mr. Chiotti** read from his written testimony, which is attached as Exhibit 16.

EXHIBIT (edh56a16)

Amy Sullivan, Montana Dietetic Association, stated they were pleased to be there in support of SJ 2. **Ms. Sullivan** commented on the fact that obesity was a costly and deadly health concern that affected economic productivity, the State budget, and personal and family well being. She continued that it was not just good education on how to eat, it would help budgets if the children were healthy and then became healthy adults. **Ms. Sullivan** distributed copies of a survey from the NGA Center for Best Practices on "The Obesity Epidemic-How States Can Trim the "Fat," attached as Exhibit 17. **Ms. Sullivan** stated that Bob Gilbert, Dairy Gold Farms and Sammi Butler, Montana Nurses Association had asked her to lend their names in support of SJ 2. **Ms. Sullivan** submitted three newspaper articles on junk food and obesity, attached as Exhibits 18 - 20.

EXHIBIT (edh56a17)

EXHIBIT (edh56a18)

EXHIBIT (edh56a19)

EXHIBIT (edh56a20)

{Tape: 2; Side: A; Approx. Time Counter: 11.7 - 29.6}

Lance Melton, Montana School Boards Association, stated that they were members of the Healthy Schools Network along with the Department of Public Health, Office of Public Instruction and Board of Public Education. He continued saying that they support the resolution.

Dave Puyear, Montana Rural Education, expressed their strong support for SJ 2.

Stan Juneau, Superintendent, Browning Schools, stated that they supported the resolution.

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

REP. LEHMAN asked **SEN. RYAN** if he felt that a joint resolution would actually make any changes. **SEN. RYAN** responded that he hoped it would.

Closing by Sponsor:

SEN. RYAN pointed out the effects of poor nutrition on children's behavior by giving an example of the effect of candy and pop on his five year old daughter. He continued that it was very important to get the message out that good nutrition was important to every child's well being.

There was a discussion on who would carry **SEN. RYAN'S** bills should they pass out of the Education Committee.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 11.2}

EXECUTIVE ACTION ON SJ 2

Motion: **REP. BALLANTYNE** moved that SJ 2 BE CONCURRED IN.

Discussion:

REP. BRANAE stated he felt that SJ 2 was a good idea and should probably be a mandate rather than a resolution.

REP. LEHMAN expressed his strong support for SJ 2 and the necessity of educating children about good nutrition.

Vote: Motion that SJ 2 BE CONCURRED IN carried 14-0 by voice vote with CHAIRMAN ANDERSEN voting aye by proxy.

Motion/Vote: REP. LAKE moved SJ 2 BY PLACED ON THE CONSENT CALENDAR. Motion carried 12-1 with REP. FRITZ voting no. (Though the motion carried, the bill will not be placed on the consent calendar according to House Rules H40-110(b) requiring a unanimous vote on such a motion.)

REP. FRITZ will carry SJ 2 on the floor of the House.

{Tape: 2; Side: B; Approx. Time Counter: 10.3 - 15.5}

EXECUTIVE ACTION ON SB 307

Motion/Vote: REP. MCKENNEY moved that SB 307 BE CONCURRED IN. Motion carried 14-0 by voice vote with REP. FRITZ and CHAIRMAN ANDERSEN voting aye by proxy.

Motion/Vote: REP. LAKE moved SB 307 BE PLACED ON THE CONSENT CALENDAR . Motion carried 14-0 by voice vote with REP. FRITZ and CHAIRMAN ANDERSEN voting aye by proxy.

REP. FRITZ left the hearing.

{Tape: 2; Side: B; Approx. Time Counter: 15.5 - 17}

EXECUTIVE ACTION ON SB 441

Motion: REP. GIBSON moved that SB 441 BE CONCURRED IN.

Discussion:

REP. LEHMAN objected to proceeding with executive action on SB 441 as he felt they needed more time to obtain further information.

It was determined that executive action would be taken another day.

REP, LEHMAN requested that Ms. Andersen provide the Committee with corrected figures for her exhibit. Ms. Andersen stated that

she had the corrected figures. She stated that 35 percent of the \$4.9 million would be \$1,726,703 on the elementary side and on the high school side would be \$616,556.

{Tape: 2; Side: B; Approx. Time Counter: 17 - 20.1}

ADJOURNMENT

Adjournment: 4:45 P.M.

REP. KATHLEEN GALVIN-HALCRO, Vice Chairman

MARI PREWETT, Secretary

JA/MP

EXHIBIT (edh56aad)